



*A few good points
on bringing home
The Grain Growers' manufacture
and Canada's Tariff*

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Annals of the fiscal programme of the political party which aims at the elimination of the principle of protection to Canadian manufacturing industries and the forcing of Canadian industrial workers into agriculture, lumbering or mining, and proposes tariff reductions which would sacrifice \$75,000,000 per year of customs revenue.

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The Grain Growers' Goal

"Our goal is the ultimate elimination of the principle of protection in our fiscal policy. But we recognize that changes must be brought about in a manner that will give a fair opportunity to Canadian industries now enjoying protection to adjust themselves to them. To the end that our agricultural resources may be developed in the fullest degree possible, we propose removing the duty from agricultural implements, and also from much of mining and sawmill machinery for the encouragement of these industries. To lessen the cost of living a substantial reduction in the general tariff should be made, and especially upon those things that come within the category of the necessities of life. Essential foods we shall also place on the free list, and I would invite the attention of the Canadian people to this when our opponents, by misrepresentation, accuse the farmers of Canada with seeking only selfish protection. We believe that in this way the wealth of Canada can best be developed, the area of prosperity can best be enlarged and the general happiness of all the people best promoted."—Hon. T. A. Crerar, in a manifesto to the electors, October 17, 1921.

THE GRAIN GROWERS AND THE TARIFF

In the following pages an attempt will be made to analyze the official declarations, in reference to the tariff, by the Grain Growers' political party—now using the designation "Progressives." The Grain Growers' platform has been approved by the rank and file of that party and the only modification has been an admission on the part of the leader—Hon. T. A. Crerar—that the drastic programme could not be put into operation over night. The first tariff demand is for "an immediate and substantial all round reduction of the customs tariff." This is only a general statement and it is impossible to gauge the measure of reduction which the Grain Growers propose. The platform does, however, call for a reduction of the tariff, such reduction to be "immediate" and "substantial" and "all round."

The second demand is for reduction of the customs tariff on goods imported from Great Britain to one-half the rates charged under the General tariff, with the stipulation that "further gradual, uniform reductions be made in the remaining tariff on British imports that will insure complete free trade between Great Britain and Canada in five years." This pronouncement is more specific and its effect can be gauged more accurately. It will be remembered that in the tariff revision of 1896-97 provision was made for a British Preferential tariff, applicable to imports of goods from the United Kingdom and certain other British countries and with rates which, until June 30, 1898, were one-eighth less than the General tariff duties and thereafter one-quarter less than the General rates. Alcoholic liquors, sugar, tobacco, cigars and cigarettes, and a few other articles only were exempted from such reductions. By an act of July 7, 1900, which became effective on July 1 of that year, the British preference was increased from one-quarter to one-third of the ordinary duties.

The effect of the resulting tariff reduction in the case of goods from the United Kingdom soon became apparent in the weakening of important Canadian industries. In closing its doors in 1908, the Montreal Woollen Company stated that the policy of the Government in opening the Canadian market to British importations at low rates of duty had been the cause of 75 per cent. of the woollen mills of Canada closing. Almost immediately after the British Preferential rates were established at two-thirds of the General tariff duties, the disastrous consequences of such a policy were recognized in so far as concerned several Canadian industries, and in 1904 the Preferential rates were raised in the case of woollen fabrics, wearing apparel, twine, and baggage, so that the preference was much less than the one-third which applied in the case of other commodities. Moreover, the preference was applied in the case of wooden pails and tubs. But these were not entirely without effect, and in the revision of 1906-07 the principle of basing the British preference on a uniform reduction from the General rates was abandoned by the Liberal Government. Unsatisfactory and harmful in its consequences: The present tariff, which to a large extent is based on the revision of 1906-07, fixed separately for each tariff item the British Preferential tariff rate and the General tariff rate.

It is much easier to destroy an industry than to restore it, as was found in the case of the manufacture of woollens in Canada. The increase in the protection against British woollens, after the unhappy experience with British importations, resulted in only a slow recovery of the Canadian industry. In the Winter of 1911-12, the National Association of Wool Manufacturers, Boston, held up the situation in Canada as an example and a warning. In an article referring to "What Inadequate Protection has done to the Woollen Industry beyond our Northern Border," printed in the December, 1911, Bulletin of that Association, it was pointed out that "imports of foreign goods at a foreign price of \$21,400,000 supply about two-thirds of the clothing of the Canadian people," and The Canadian Textile Journal was quoted to the effect that 50 years before two-thirds of the supply came from Canadian mills. The article referred to the "disappearance of durable native fabrics" in Canada and the substitution therefor of "a low line of goods, very striking in appearance but cheap in price." At the time the article was published, the American woollen mills were fighting against passage by Congress of a bill which they claimed, after allowing for the 20 per cent. duty on raw wool, would reduce the actual protection of American woollen mills to 32.55 per cent., ad valorem. "It is to be compared," said the writer, "with a Canadian protection of 30 per cent. under which the once strong and prosperous woollen mills of our Northern neighbor, with lower wages, abundant capital and excellent machinery, are swiftly being dismantled and sold." Indeed, just before the war the number of woollen mills in the Dominion was only slightly more than one-third of the number before 1896 and most of the woollen fabrics worn in this country were imported from Great Britain.

The higher protection had, however, resulted in an improvement which, while slow, was steady, and the mills were in a position to respond creditably to war-time demands. The position of the industry has been greatly improved during the past five or six years, when conditions during the war and during the year or more immediately following limited importations and gave the Canadian mills an opportunity to supply a larger share of the Canadian market. But the protection of war conditions was not of sufficient duration to enable the Canadian woollen manufacturers to get their products as firmly established on the Canadian market as might be desired, and increasing British competition at the present time, aided by exchange, is threatening seriously the continued well-being of that industry. To reduce the protection on Canadian woollens by any increase in the British preference or otherwise would be destructive in its effect on the Canadian woollen manufacturing plants.

MANY INDUSTRIES AFFECTED

Nor is it only one or two industries which would suffer. During the hearings of the Tariff Committee throughout Canada last year, many industries told of increasingly severe competition from the exchange-aided importations of British goods entered under the low rates of the British Preferential tariff. Moreover, evidence was produced of the absence of any effective means of checking dumping of British products into the Canadian market or of excluding from entry, under the low rates of the British Preferential schedule, goods manufactured in part in Germany or other continental, low-wage countries, finished in the United Kingdom, and re-exported to Canada as British manufactures. An increase of the British preference to 50 per cent. of the General tariff rates, even if no "immediate, substantial, all round reduction" of the customs tariff were made, would imperil hundreds of Canadian industries and free trade with the United

Kingdom within five years would absolutely ruin them. During the fiscal year 1920-21, merchandise was imported into Canada from the United Kingdom to the value of \$213,944,814, or \$75,000,000 greater than the value of British imports in any previous year in the history of the Dominion. This is no time to decrease the British Preferential tariff, at least by the haphazard, unscientific method of a uniform percentage reduction.

The Grain Growers also demand that an effort be made "to secure unrestricted reciprocal trade in natural products with the United States along the lines of the reciprocity agreement of 1911." The question of reciprocity with the United States has been analyzed by the Canadian Reconstruction Association in a recently prepared pamphlet and a copy will be sent upon request, and without charge, to anyone who may care to have it. Space in the present review will be taken, therefore, only to point out that the United States is again resorting to its old policy of raising its own tariff to an almost prohibitive level, and then offering concessions only to those countries which are willing to admit United States goods into their markets at preferential rates. Had the reciprocity agreement of 1911 been adopted, there is abundant reason to believe that the United States would have cancelled it, as it could have done at any time and without notice, as soon as cancellation appeared to be to the political advantage of the party in power. Moreover, it is idle and absurd to pretend that Canadian reciprocity would have been permitted by the United States to stand in the way of enactment of the Emergency Tariff Act, which was intended primarily as a protection to United States agriculturists against importations from Canada. It is doubtful whether the United States would agree to admit Canadian agricultural products on any terms which Canada could accept, but if terms were offered it is apparent that they would call for important reductions of the Canadian tariff on manufactured goods from the United States. In other words, the demand for reciprocity with the United States at the present time means a demand that special concessions be obtained for the grain growers of Canada at the sacrifice of Canadian manufacturing interests.

FREE FOODSTUFFS

The farmers also ask that all foodstuffs be placed on the free list. Assuming that this demand were acceded to, it would be interesting to learn how the agriculturists propose "to secure unrestricted reciprocal trade in natural products with the United States along the lines of the reciprocity agreement of 1911." In one breath they call for bargaining with the United States for reciprocal trade in agricultural and certain other products, and in the next they ask that all such agricultural products be placed unconditionally on the tariff free list. The demand refers to all foodstuffs, and the following is a table of imported foodstuffs now dutiable which would be transferred to the free list if the agrarian policy were adopted:—

Products	Value of Imports Fiscal Year, 1919-20	Duty Collected Fiscal Year, 1919-20
Arrowroot.....	\$ 25,140	\$ 1,138
Butter.....	178,994	14,427
Beef—fresh.....	230,240	54,348
Beef—salted in barrels.....	70,856	9,359
Bacon and hams, cured.....	1,385,965	99,559
Baking powder.....	18,727	3,540
Barley.....	33,455	3,277
Pearl barley.....	27,459	5,515

Products	Value of Imports Fiscal Year, 1919-20	Duty Collected Fiscal Year, 1919-20
Beans.....	\$ 1,594,030	\$ 111,172
Buckwheat.....	18,171	1,655
Buckwheat flour.....	11,302	828
Bran and mill feed.....	45,164	7,904
Biscuits, sweetened.....	106,318	24,423
" unsweetened.....	91,983	21,385
Chicory, green.....	1,591	381
Chicory, roasted.....	21,141	8,716
Coffee, green, n.o.p.....	261,323	55,585
Coffee, green, imported direct.....	4,449,756	661,297
Coffee extract.....	145,890	5,918
Coffee, roasted, not imported direct.....	48,086	11,506
Coffee, other.....	149,248	20,749
Coffee, condensed with milk.....	68	23
Cocoa shells and nibs.....	396	40
Cocoa paste, unsweetened in blocks.....	9,027	1,200
Cocoa paste, sweetened.....	86,361	11,991
Cocoa in powdered form.....	16,542	6,025
Confectionery, coated with or containing chocolate.....	87,421	30,096
Other confectionery.....	535,842	181,935
Cereal foods in packages.....	233,903	63,469
Cereal foods, n.o.p.....	60,788	12,087
Corn meal.....	216,594	6,589
Cheese.....	206,500	10,861
Cocoa butter.....	3,615,331	165,151
Cider, raw.....		
Cider, clarified.....	16,803	1,160
Corn, canned.....	273,206	51,554
Eggs.....	2,837,442	179,324
Flavoring powders, etc. and other confections containing sugar.....	56,555	16,748
Fruits, preserved in brandy.....	240	154
Fruits, canned.....	1,697,324	317,878
Fruits, dried—apples, currants, dates, figs, prunes and others.....	10,956,781	673,739
Fruits—all kinds, including apples, apricots, pears, quinces, blackberries, gooseberries, raspberries, strawberries, cherries, cranberries, currants, grapes, lemons and limes, melons, peaches, plums, fresh tomatoes, raisins, etc.....	33,071,673	1,893,689
Fish.....	3,491,579	379,807
Gelatine.....	663,228	158,088
Grain, damaged.....	5,411	1,353
Glucose, and grape sugar.....	188,388	17,293
Ginger, unground.....	63,543	7,368
Ginger and spice, ground.....	30,772	6,020
Ginger, preserved.....	60,947	21,219
Hops.....	1,065,224	128,602
Hominy.....	12,868	2,252
Honey.....	63,272	8,161
Hay.....	235,383	17,268
Jellies and jams.....	271,743	44,288
Lime juice, crude only.....	21,644	2,717
Lime and fruit juices, containing not more than 25% proof spirits.....	45,915	3,491
Lime juice, containing more than 25% proof spirits.....	4,946	2,882
Lime juice and other fruit syrups and juices, n.o.p.....	175,242	38,580
Lard.....	1,720,088	145,869
Lard compound.....	509,325	49,075
Liquierie.....		
Mustard, ground.....	392,688	75,241
Mustard, French, liquid.....	50,632	17,663

Products	Value of Imports Fiscal Year, 1919-20	Duty Collected Fiscal Year, 1919-20
Molasses, testing under 35 but not under 20 degrees...	\$ 152,199	\$ 12,346
Molasses, over 56 degrees but not over 75 degrees...		
Molasses, in original packages, produce of foreign countries	36,709	3,165
Molasses and syrups, n.o.p.	367,362	53,259
Macaroni and vermicelli	115,895	11,838
Malt	128,715	13,278
Malt flour	15,398	4,902
Malt extract and grain molasses	87,423	56,236
Milk food	411,295	110,908
Milk and cream, fresh	18,652	3,264
Milk, condensed	10,730	2,833
Mutton, fresh	803,774	120,539
Pork, fresh	14,407,467	1,389,161
Pork in brine	2,089,852	182,696
Other meats, fresh	370,537	107,202
Other meats, salted	151,987	11,053
Meats, dried	146,911	9,339
Meats, canned	331,727	88,795
Meat extracts	111,618	25,951
Nutmegs, ground	467	139
Nutmegs, unground	52,171	8,207
Nuts of all kinds	5,058,906	596,187
Oats	2,451,981	312,886
Oat meal	2,530	182
Olives in brine, in bulk	70,401	14,080
Olives, bottled	63,289	17,540
Pickles, in bulk	11,101	3,795
Potatoes	1,661	116
Peas	332,520	11,585
Sugar cane, shredded	1,077	188
Sugar, not above 16 D.S.	68,343,171	14,435,480
Sugar, above 16 D.S.	114,190	22,616
Syrup and molasses, n.o.p.	367,362	53,259
Rice	2,120,956	187,204
Rice and Casava flour and rice meal	72,922	7,018
Rye	4,224	137
Rye flour	3,733	233
Sago and tapioca	301,155	58,363
Sago and tapioca flour	43,155	7,251
Starch, corn, farina, etc.	109,060	23,630
Sausage casings	364,489	61,644
Straw	6,269	762
Sauces and catsup, bottled	325,616	98,452
Sauces, soy	64,740	22,643
Canned tomatoes	135,625	32,588
Tea, all kinds	8,336,163	2,832,305
Vegetables	4,292,272	989,420
Vinegar	73,310	18,411
Yeast cakes and yeast	878,135	97,979
Other breadstuffs	280,581	48,939
	\$185,996,957	\$ 28,043,645

The items of wheat, wheat flour and semolina also would be affected by the agrarian programme. These commodities were on the Canadian free list from April 17, 1917 to May 28, 1921, but on the latter date, by reason of the imposition by the United States of tariff duties on these products when imported from Canada, wheat, wheat flour, and semolina imported from the United States automatically became dutiable under the Canadian tariff.

PURELY CLASS PROGRAMME

That the agrarian tariff programme is essentially a sectional demand from the farmers of Western Canada, is indicated by the fact that all other interests engaged in the production of foodstuffs are ignored. The following items in the Canadian tariff show that duties are imposed on many farming products and in most cases such protection is of very real importance to those engaged in such branches of the agricultural industry:—

Tariff Item	British Preferential	Intermediate Tariff	General Tariff
4 Horses, over one year old, valued at \$50 or less per head..... each	\$10	\$12.50	\$12.50
5 Animals, living, n.o.p. (i.e. other than live hogs and animals for improvement of stock).....	15%	22½%	25%
6 Live Hogs..... per lb.	1c.	1½c.	1½c.
9 Poultry and game, other than canned	12½%	17½%	20%
16 Eggs..... per doz.	2c.	2½c.	3c.
18 Butter..... per lb.	3c.	4c.	4c.
35 Hops..... per lb.	4c.	6c.	7c.
47 Beans, n.o.p..... per bushel	15c.	22½c.	25c.
48 Peas, n.o.p..... per bushel	10c.	12½c.	15c.
49 Buckwheat..... per bushel	10c.	12½c.	15c.
52 Barley, n.o.p..... per bushel	10c.	12½c.	15c.
54 Indian corn for purposes of distillation..... per bushel	7½c.	7½c.	7½c.
56 Oats..... per bushel	7c.	9c.	10c.
58 Rye..... per bushel	7c.	9c.	10c.
60a Wheat, when imported from a country which imposes a duty on wheat grown in Canada, per bushel	8c.	12c.	12c.
69 Hay and Straw..... per ton	\$1.65	\$1.75	\$ 2.00
70 Flax Seed..... per bushel	7½c.	10c.	10c.
71 Seed of timothy and clover.....	5%	10%	10%
71a Field and garden seeds not specified as free, valued at not less than \$5 per pound, in packages weighing not less than one ounce each.....	5%	10%	10%
83a Potatoes, when imported from a country which imposes a customs duty on potatoes grown in Canada, per bushel	12½%	20%	20%
85 Tomatoes, fresh.....	10%	27½%	30%
87 Vegetables, n.o.p.....	15%	27½%	30%
87a Onions, in their natural state.....	free	30%	30%
95 Blackberries, gooseberries, raspberries, strawberries, cherries and currants, n.o.p..... per lb.	1½c.	1¾c.	2c.
96 Fruits, n.o.p.....	17½%	22½%	25%
97 Pears, quinces, apricots, n.o.p..... per cwt.	35%	45%	50%
97a Plums..... per bushel	20c.	20c.	30c.
98 Melons..... each	2c.	2½c.	3c.
100 Grapes..... per lb.	1½c.	1¾c.	2c.
102 Peaches, n.o.p..... per cwt.	67c.	90c.	\$1.00
108 Honey, in the comb, or otherwise, per lb.	2c.	2½c.	3c.
138 Maple sugar and maple syrup.....	15%	17½%	20%

Tobacco—Canadian growers are protected in the amount of excise duty payable.

In conclusion, the Grain Growers ask that agricultural implements, farm and household machinery, vehicles, fertilizers, coal, lumber, cement, gasoline, illuminating fuel, and lubricating oils, be placed on the free list. The following table shows the value of dutiable imports (excluding duty free imports) under each of these headings for the fiscal year 1919-20, and the duty collected in each case:—

	Value of Dutiable Imports, Fiscal Year, 1919-20	Duty collected Fiscal Year, 1919-20
Farm implements and machinery.....		
Hand pumps, n.o.p.....		
Wind Mills and parts.....	\$ 6,628,370	\$ 1,188,432
*Farm Tractors.....		
Vehicles.....	31,809,900	10,499,333
Fertilizers.....	1,022,388	101,916
Coal, bituminous.....	27,424,870	5,197,517
**Lumber.....	247,147	61,787
Gasoline, illuminating, lubricating and fuel oils.....	10,674,564	1,280,336
Total.....	\$ 77,807,239	\$ 18,329,321

The clause also calls for removal of the customs duty on imported raw materials and machinery for the production of the above goods, and the further revenue loss if this were done would be considerable. It would mean placing on the free list all supplies for automobile factories and all other industries manufacturing any articles included under the above list.

ULTIMATE FREE TRADE

Hon. Mr. Crerar makes no attempt to disguise the real purpose of the party which he leads. He says: "Our goal is the ultimate elimination of the principle of protection in our fiscal policy." "But," he adds, "we recognize that changes must be brought about in a manner that will give a fair opportunity to Canadian industries now enjoying protection to adjust themselves to them." One may doubt whether the official platform of the agrarian party considers other than agricultural interests dependent largely upon, and interested principally in, the growing of grain. Certainly a fair reading of the Grain Growers' programme and of even Mr. Crerar's speeches does not indicate that much time is to be allowed for the readjustments which Mr. Crerar contemplates. The Progressives' leader is one of those who appear to regard agriculture as especially profitable from a national point of view and we are told in terms of solemn warning that this country is "top heavy with manufacturing." What Mr. Crerar and his friends propose to do is to withdraw tariff protection from many of Canada's most important industries, with a view to forcing the workers in those industries into agriculture, mining or lumbering. It may well be questioned whether they realize the difficulty of such a task and the injustice and suffering which an attempt to put that programme into effect would entail. Moreover, the need for the attempt to suppress Canadian manufacturing industries and to make Canada primarily an agricultural country has not been demonstrated. The Dominion is growing agricultural products considerably in excess of the requirements of our own people. While we are under the necessity of finding export markets for such surplus of our products, and while we also are exporting raw materials in their crude state, Canada is paying annually an enormous amount of money to other countries for manufactured goods. Surely it is to our advantage to build up manufacturing industries in Canada, to provide all of our requirements of manufactures which can be made here economically! There is just as much

*Traction engines for farm purposes, costing not more than \$1,400 in the country of origin, already are on the free list.

**This item refers only to sawed boards, planks, deals, planed or dressed on one or both sides when the edges thereof are jointed, tongued or grooved. All other lumber, including that dressed on one side and used largely by agriculturists for construction purposes, already is on the Canadian free list.

need for greater manufacturing production in Canada as there is for greater agricultural production. By promoting manufacturing here we shall provide an increasing home market for the farmers. By still further encouraging the production of food in excess of Canadian requirements and neglecting to build up the industrial population which would provide manufactured goods and at the same time consume the products of Canadian farms, this country would be under increasing dependence on foreign purchasers of grain. Foreign markets for our grain may be lost by embargoes, by protective tariffs imposed by other countries, or by transportation difficulties, but the home market is certain, dependable, and cannot be alienated. The advantages of the development of the home market which comes from manufacturing activity is well indicated by a comparison of the situation in the Western Provinces with that in Ontario or in Quebec.

Mr. Crerar has described the policy of the "Progressives" as "firmly based on the principle of first developing the natural wealth of the country." He tells us that the Grain Growers—for his party does not by any means represent all the farming interests—would manipulate the tariff "for the reason solely of encouraging the development of our agriculture, our mines, and our forests." "Because," says the agrarian leader, "all the facts of the case furnish convincing evidence that Canada's prosperity rests not primarily in the creation of large cities, but in the development of a sturdy, industrious and contented agricultural population." Mr. Crerar does not beat about the bush. He tells us frankly that the programme of his party is a programme designed primarily with a view to furthering the interests of the agricultural population, and that the industrial elements can shift for themselves.

A DISASTROUS PROGRAMME

The history of Canada, and of most other countries, gives solemn warning against any such programme. Canada tried it for years before the National Policy was adopted in 1879. The Canadian Almanac for 1859 contains an informing picture of just such conditions. Following the panic of 1857, we are told that "there was pressure upon Canada from England, France, Germany, and the United States, for Canada was indebted to them all." The article continues:—

"The price of our principal article of export (wheat) had fallen nearly 100 per cent. in value within four months. She (i.e. Canada) was a debtor, not a creditor,

both as regards England and the United States. Her great difficulty arose from being pressed for payment at an inconvenient time. Her surplus productions on which she relied to meet her engagements had not only depreciated in value, but owing to the loss of banking facilities could not be brought to market. Under these circumstances it need not be wondered at if the general business of the country was seriously interrupted. Three-fourths of the people of Upper Canada are engaged in agricultural pursuits, and the others are mainly dependent upon these.

"The fall in the price of wheat was clearly the great cause of our embarrassment. This article is the main element of the prosperity of Upper Canada. Its fall was not caused by the crisis, but was rather the cause of the crisis itself. England, through the full development of her manufacturing industry, is not so entirely dependent upon agriculture. The United States in their mines and manufactures have also sources of wealth apart from the products of the soil. Hence we see these countries speedily recover from the effects of the crisis. In Canada it is otherwise. The causes of our difficulties remain: Debts contracted in June, 1857, required double the quantity of produce to discharge them in June, 1858. The evil is increased by our purchases being principally from abroad. The large importations send the gold out of the country and contract the bank circulation. The scarcity of money prostrates internal trade, and the farmers' home market is destroyed.

"To show the disastrous results to Canada arising from the fall in the price of wheat and other causes, we have only to state the total exports from Canada for the last three years:—

	1855	1856	1857
Products of Agriculture.....	£3,656,395	£4,384,083	£2,747,516
Products of Forest.....	1,986,980	2,504,976	2,932,516
Other Products.....	587,488	562,979	682,492

"Within four months the price of wheat fell from 9s. to 4s. 6d., thus diminishing by one-half the ability of Upper Canada to pay her debts; nor was this all. The crisis compelled the banks to diminish their discounts while the Lower Canadian banks, which in time of prosperity had made largely by their Upper Canada business, withdrew their capital to the parent institutions. Our produce merchants, whose standing had never been questioned, could not obtain their ordinary banking facilities, and to the fall in price was added for a time the impossibility of sending the produce to market. This is best shown by the following table compiled from the Trade Returns of the wheat and flour exports within the last three years:—

	Wheat Bushels	Flour Barrels
1855.....	3,193,748	643,936
1856.....	4,997,656	878,775
1857.....	2,762,654	743,949

"A severe but salutary lesson is read to the whole people of Canada in the above statements. The impolicy of depending so entirely upon the products of agriculture is clearly demonstrated, and never till there is a greater diversity of employments creating a steady and profitable home market to the farmer, will the prosperity of this fine country be placed on a permanent basis.

"While our farmers have been raising wheat to be destroyed by the fly or sold at 80 cents per bushel, our American neighbors have been doing a profitable business in supplying our cities with the common necessities of life."

INDUSTRIES ESSENTIAL

The policy of protection in Canada dates from the bitter lesson learned in the years 1857-58. Experience proves that safety lies not in dependence upon a single crop or interest, but in a proper balance of agriculture and industry and in as large a measure as may be found practicable of self-sufficiency and in export, if possible, of any surplus production. The home market is the only market that is certain and that cannot be withdrawn. Particularly, under present conditions, it would be folly for Canada to place undue emphasis on the development of agricultural production at the expense of manufacturing, because every country in the world is doing its utmost to reduce importations of food and to attain a larger measure of self-sufficiency in respect of food-stuffs. Canada already is finding great difficulty in marketing the surplus products of its farms, while at the same time we continue in dependence upon foreign countries for great quantities of manufactured goods which could, and should, be produced in this country under a constructive policy of encouragement by adequate tariff protection. Such was the principle upon which the policy of the United States was based after the Civil War and such is the reconstruction programme of practically every country in the world—to encourage production of those commodities in which such countries are deficient. In this way, dependence is lessened both upon foreign countries for needed supplies and upon export markets to consume surplus products.

It is difficult to forecast exactly in what measure various Canadian industries would suffer if the programme of Mr. Crerar and his friends were put into effect. Among the principal sufferers would be the agriculturists themselves. The grain growers of the West in some cases might obtain supplies from the United States at a small saving in cost, but what would be the effect of competition in the Canadian market of Oregon and California fruits, Chinese eggs, Chicago meats, New Zealand frozen lamb or mutton, Michigan beans, American corn, and the earlier fruits of the United States, which would take the edge off the Canadian appetite before the later Canadian crops come on the market? Canadian dairy interests bitterly opposed the admission of oleomargarine: are they willing to see the Canadian market

flooded with Chicago butter whenever the cold storage plants have stocks in excess of market requirements?

National prosperity is not a matter of watertight compartments and it is not possible to single out individual industries and state that these would be harmed by application of the Grain Growers' programme, whereas others are not interested. Any development that withdraws employment from workers in one industry is bound to affect workers in all. It must be apparent from an examination of the agrarian platform that it carries a severe threat to many Canadian industries. It must be considered as a threat to Canadian industry as a whole and to our national prosperity. If the fishermen of the Atlantic Coast be deprived by American competition of their usual home market, they will not be able to make their usual purchases of foodstuffs, footwear, clothing, etc. If the Canadian woollen industry be destroyed by overwhelming competition from the United Kingdom, the purchasing power of the employees for farm products and for commodities produced by other Canadian industries will be reduced.

And how are industrial workers, who would be thrown out of employment by the Farmers' policy, to be absorbed? "Put them on the farm," answer Mr. Crerar and his friends. But surely there is a human element in this problem that must be considered! All industrial workers are not suited to be farmers. Associations and interests cannot be disrupted without serious injustice and suffering. Many industrial workers would starve rather than accept employment on a farm. Their attitude may be wrong, but it must be faced and any attempt arbitrarily to force them into employment which they dislike and for which they are not suited would meet with severe opposition and serious trouble. Discontented farm help is unsatisfactory help and the policy proposed will not solve the problem of agricultural labor. Mr. Crerar professes a willingness to modify the effects of his programme by strangling industries slowly rather than killing them by a single thrust. The result is the same whatever the process employed.

TARIFF ABUNDANTLY JUSTIFIED

The tariff has been abundantly justified in the building up of important Canadian industries. In the case of those industries well established, prices of made in Canada goods are no higher than prices of comparable goods in the United States, where the standard of living is approximately the same as in this country, except perhaps in cases where the cost of production in Canada is increased by revenue duties on imported equipment or supplies. Where the tariff has not had this result the circumstances ought to be studied with the greatest care: in some cases at least it will be found that the trouble has been that the Canadian tariff has not been high enough. During the McKinley Presidency in the United States, American users of tin plate organized a large and influential deputation which waited on the Chief Executive of the Nation and urged that the tariff against Welsh tin plate be removed. After listening to the representations, Mr. McKinley faced the visitors and, with keen insight into the problem, he said: "Gentlemen, you are wrong. The trouble is that the tariff is not high enough. We shall double it." The tariff duty on tin plate was doubled, giving an opportunity to the tin plate industry in the United States to increase its production and effect the economies of quantity output. Within a few years a great tin plate industry was built up in the Republic and prices were soon considerably lower than before the duty was imposed. As a result of that protection, the United States has become the dominant world factor in tin plate production.

The Farmers' platform contemplates special favors for the grain growers by withdrawing the advantages of protection from industrial elements. It is proposed, in effect, to exempt the agriculturists from payment even of revenue duties on most of their imports. The farming communities represent at least 40 per cent. of the population of this country. Are they to be exempt from practically all national burdens? An official analysis of Federal income tax collections shows that in the fiscal year 1920-21 only 16,598 individual agriculturists paid income taxes to the Dominion Government and their aggregate payments were only \$562,598. Only 1,867 agriculturists in the Province of Ontario and only 214 in the whole Province of Quebec paid one cent to the Dominion Treasury in income taxes. Fifty-seven agricultural corporations paid an aggregate of \$49,139, so that contributions to the Federal revenue were made by 16,652 agrarian taxpayers with an aggregate payment of \$611,737. These paid 1.3 per cent. of the total collections under the Income War Tax Act, whereas the non-agricultural elements paid 98.7 per cent. But the total collections under the Income War Tax Act does not include a large amount which was paid under the Business War Profits Tax Act, because such taxes represent a larger amount. Total collections under the two acts amounted to \$87,223,208, and of this sum the agricultural interests paid only \$611,737 or about 7/10 of one per cent.

TARIFF OR LAND TAX

The Canadian Reconstruction Association recognizes that the life of a farmer is by no means a life of indolence, but it has its advantages and agricultural wealth represents a very large proportion of the total wealth of the Dominion. In the face of the figures which have been quoted, it would be absurd to contend that the farmers were being unduly burdened with Federal taxes at the present time in proportion to the burden that is borne by the non-agricultural elements. The fiscal programmes urged by the agrarians would result in an exceedingly heavy loss of revenue—probably as much as \$75,000,000 or more annually and under normal trade conditions at least one-half of the entire customs revenue of the Dominion. This loss could not be offset to any important extent by higher duties on so-called luxury imports, because the total value of such is not of much account. It must be evident, therefore, that if the dependence of the Canadian Treasury upon customs duties is to be lessened, the loss must be made up by direct taxation. Those who know the sentiment in the cities are convinced that the urban centres will not consent to pay heavier taxes while the farming communities are practically exempt. It is time that the agriculturists recognized that if they persist in their demands for tariff reduction it can only mean that additional revenue must be raised by direct levies and this inevitably will mean a land tax to be paid by the farmers, supplementing the income tax as applied to city dwellers.

The Grain Growers' programme for tariff reduction is based on the faulty premises that Canada is "top heavy with manufacturing" and that prices are increased by the full amount of the duty. Both statements are incorrect. The policies proposed in reduction of the tariff are such as would involve a strangling of Canadian industries and much unnecessary hardship and suffering. Any attempt by Government action to force workers from manufacturing industries to the farms must be abandoned, for most Canadian industrial workers would prefer to move to the United States where they will find opportunities for employment in manufacturing establishments. Finally, the attempt to build up a nation on the basis primarily of grain growing is dangerous and short-sighted and can have only disastrous consequences.

SOME OF THE INDUSTRIES WHICH ARE THREATENED BY THE FARMERS' TARIFF PROGRAMME

INDUSTRY	Establish- ments	Capital Investment	Number of Employees	Annual Payroll	Cost of Materials Used Annually	Annual Value of Products
†Automobiles.....	1,289	\$ 56,943,018	12,139	\$ 15,389,742	\$ 51,690,715	\$101,196,706
†Agricultural Implements.....	86	83,276,450	10,808	11,858,013	16,520,146	36,703,943
†Brass and Copper Products.....	59	15,054,981	3,121	3,642,663	7,194,157	13,760,311
†Bread, Biscuits and Confectionery.....	2,015	11,995,144	22,098	18,766,811	61,989,255	104,868,699
†Baking Powder and Flavoring Extracts.....	22	2,661,421	669	590,560	2,158,297	3,963,790
†Boots and Shoes.....	161	38,680,581	15,341	13,260,744	40,523,696	63,319,128
†Cotton Textiles.....	27	58,732,941	16,124	10,981,091	43,816,517	82,642,949
*Cars and Car Works.....	8	52,217,295	11,738	13,126,459	40,951,923	66,068,705
†Clothing.....	1,668	38,629,146	20,145	17,400,404	36,868,082	70,497,766
†Cooperage Products.....	100	2,020,404	802	662,312	1,550,149	2,903,035
†Coffee and Spices.....	39	6,112,630	791	916,734	8,113,554	10,892,892
†Cocoa and Chocolate.....	10	5,201,523	1,540	1,155,731	5,702,809	9,718,185
*Women's Clothing.....	1,694	25,351,755	17,709	11,313,349	25,692,926	46,890,971
†Dairy Products.....	3,165	32,767,317	11,211	8,776,676	144,483,188
*Drugs and Chemicals.....	38	26,029,530	4,293	5,873,627	16,286,788	38,252,587
†Electrical Apparatus.....	95	45,956,399	9,560	9,085,705	15,257,617	34,187,658
*Fireworks and Matches.....	5	2,364,289	617	368,468
†Furniture and Upholstering.....	270	24,400,099	9,124	7,873,158	9,666,073	25,166,305
†Fruits and Vegetables.....	237	15,956,695	5,984	3,184,663	16,943,241	26,782,560
*Fruits and Vegetables, Canning.....	130	9,777,305	3,480	1,632,770	8,751,574	14,027,855
†Flour Milling.....	1,255	76,411,423	7,401	8,083,270	229,827,851	262,763,392
*Foundry Machine Shop Products.....	667	84,122,446	26,482	28,986,306	27,788,059	82,493,897
*Fertilizers.....	15	3,064,111	412	370,091	1,573,582	2,558,007
†Gloves and Mitts.....	56	6,467,669	3,596	2,248,025	5,367,948	9,310,255

*Figures for 1918. †Figures for 1919. ‡Figures for 1920.

Some of the Industries which are Threatened by the Farmers' Tariff Programme—(Continued)

INDUSTRY	Establish- ments	Capital Investment	Number of Employees	Annual Payroll	Cost of Materials Used Annually	Annual Value of Products
†Hats, Caps and Furs.....	208	\$ 14,553,814	4,536	\$ 4,145,462	\$ 12,027,858	\$ 20,790,334
*Iron and Steel Products.....	31	13,514,230	3,426	3,886,224	11,356,319	19,366,041
*Harness and Saddlery.....	562	8,485,259	1,890	1,418,181	4,617,800	8,117,978
†Hosiery and Knit Goods.....	114	34,149,593	12,995	8,460,739	26,548,736	45,052,002
†Lumber.....	3,140	231,203,247	73,480	60,999,020	72,691,337	129,041,688
*Leather.....	139	28,435,806	3,722	571,359	23,681,659	33,263,675
†Meats.....	82	93,363,000	13,200	15,302,000	175,133,000	233,936,913
†Musical Instruments.....	72	15,136,075	4,860	4,377,703	7,500,046	17,309,278
†Men's Furnishings.....	88	15,087,269	6,057	4,156,095	12,161,847	21,224,130
†Macaroni and Vermicelli.....	9	873,442	248	165,166	657,942	1,152,652
*Printing Inks, etc.....	14	1,022,089	876,672	1,746,935
*Printing and Publishing.....	860	30,110,354	12,889	10,922,865	8,492,319	28,756,766
†Pulp and Paper.....	99	264,581,300	2,928	2,688,409	16,213,741	91,362,913
*Paints and Varnishes.....	45	15,784,610	2,002	1,870,345	9,203,530	17,678,049
†Rubber Products.....	32	42,787,594	12,677	11,547,817	27,534,414	56,003,434
*Smelting.....	17	56,135,981	5,513	8,643,567	36,103,696	62,482,256
†Sash, Door and Planing Mills.....	729	39,095,008	9,081	8,422,879	21,584,621	36,913,090
†Ships and Boats.....	177	72,114,691	26,263	30,757,289	36,556,951	88,454,138
*Sugar.....	8	37,256,851	2,542	2,626,889	45,403,037	58,812,219
*Tobacco.....	153	32,948,356	10,288	7,535,078	19,039,791	55,411,487
†Wines.....	16	1,481,934	166	169,110	685,525	1,527,787
†Woollen Textiles.....	76	21,311,633	5,887	4,511,325	15,180,368	27,516,270
†Woollen Yarn.....	9	4,561,236	972	627,927	3,814,474	6,575,710
*Wood Distillation Products.....	13	3,612,573	675	731,435	3,319,731	7,634,122

*Figures for 1918. †Figures for 1919. ‡Figures for 1920.

Agrarian Tariff Platform

Therefore, be it resolved that . . . our tariff laws should be amended as follows:—

(a) By an immediate and substantial all-round reduction of the customs tariff.

(b) By reducing the customs duty on goods imported from Great Britain to one-half the rates charged under the general tariff, and that further gradual, uniform reductions be made in the remaining tariff on British imports that will ensure complete Free Trade between Great Britain and Canada in five years.

(c) By endeavoring to secure unrestricted reciprocal trade in natural products with the United States along the lines of the reciprocity agreement of 1911.

(d) By placing all foodstuffs on the free list.

(e) That agricultural implements, farm and household machinery, vehicles, fertilizers, coal, lumber, cement, gasoline, illuminating fuel, and lubricating oils be placed on the free list, and that all raw materials and machinery used in their manufacture also be placed on the free list.

(f) That all tariff concessions granted to other countries be immediately extended to Great Britain.

(g) That all corporations engaged in the manufacture of products protected by the customs tariff be obliged to publish annually comprehensive and accurate statements of their earnings.

(h) That every claim for tariff protection by any industry should be heard publicly before a special committee of parliament.

Copies of this pamphlet may be secured free of charge from the Editorial Department, Canadian Reconstruction Association, 6 Jordan Street, Toronto.